Deposit Gain Through Mergers Falls at Top Commercial Banks

Continued from Page 1
holding companies were completed in 1985 — seven interstate and four intrastate — in which the lead banks were not affected. The combined assets of the firms involved in these mergers totaled $55.3 billion.

The largest interstate deal completed between bank holding companies was the July 1 merger of Sun Banks Inc., Orlando, Fla., and Trust Company of Georgia, Atlanta, to form SunTrust Banks Inc., Atlanta. At yearend, SunTrust ranked 24th in assets with $19.4 billion. SunTrust is the parent of four of the nation's top 300 banks: the $3 billion-deposit Trust Company Bank, Atlanta, which ranked 87th in deposits on Dec. 31; the $2.6 billion-deposit Sun Bank NA, which ranked 103d; the $1.3 billion-deposit Sun Bank/Miami NA, which ranked 208th; and the $952 million-deposit Sun Bank/South Florida NA, Fort Lauderdale, which ranked 277th.

The second largest holding company merger occurred Dec. 1, when the Wachovia Corp. of Winston-Salem, N.C., and the First Atlanta Corp. merged to form the First Wachovia Corp., which ranked 29th in assets at yearend with $17.7 billion. First Wachovia is the parent of two of the top 300 banks: the 26th-ranked Wachovia Bank & Trust Co., Winston-Salem, which had $7.5 billion in deposits at yearend, and 50th-ranked First National Bank, Atlanta, which had $5 billion in deposits on Dec. 31.

The largest merger between banks ranked among the top 300 occurred Dec. 1, when the First Union Corp. of Charlotte, N.C., acquired the $2.8 billion-asset Northwestern Financial Corp., Greensboro, N.C. The $2.25 billion-deposit Northwestern Bank, North Wilkesboro, was merged into First Union National Bank, Charlotte, which helped First Union National move up 25 places to rank 32d in deposits. The merger, coupled with First Union's acquisition of the $3.7 billion-asset Atlantic Bancorp. of Jacksonville, Fla., moved the holding company up 18 places in asset rank to No. 32 with $16.6 billion.

First Alabama Bank, Montgomery, posted the second largest deposit gain through mergers last year. From March 22 to Dec. 13, it acquired 20 affiliated banks of its parent, First Alabama Bancshares Inc. These banks had combined deposits of $1.5 billion. The mergers enabled the bank, formerly known as First Alabama Bank, Birmingham, to move up 232 places in rank to 140th place with $2 billion in deposits.

Second-Half Surge in Merger Activity

More than 75% of the deposits gained through mergers in 1985 were acquired in the second half of the year. Six of the seven interstate holding company mergers also occurred in the last six months.

The major reason for the second-half surge was the U.S. Supreme Court's June 10 decision on the constitutionality of regional interstate banking compacts. The court unanimously ruled that states had the right to decide which other states would have access to their banking institutions. The ruling upheld a banking compact in New England challenged by Citicorp of New York and Northeast Bancorp. of New Haven, Conn.

The top states in mergers last year were Florida and Missouri. In Florida, five banks acquired 27 other banks with combined deposits of $2.6 billion. In Missouri, three banks acquired 24 other banks with combined deposits of $2.5 billion.

In Florida, which now permits statewide branching through mergers, four of the five mergers last year involved multibank holding companies that merged smaller affiliated banking units into their larger units, with the smaller units becoming branches.

Changes in Missouri banking law over the last three years with respect to "facilities" — the Missouri equivalent of branches — are the reason for the spate of mergers there in 1985. In 1983, banks were permitted to acquire facilities within the same county. In 1984, the law allowed banks that merged to keep their existing facilities and include the acquired bank as a facility as well. For example, Bank A with three facilities acquires Bank B with three facilities. Bank A now has seven facilities — its three, Bank B's three, and Bank B itself. In 1985, the law permitted the establishment of facilities in adjacent counties.

On June 30, Commerce Bancshares Inc. of Kansas City merged 11 of its affiliated banks into Commerce Bank of Kirkwood NA, which then changed its name and location to Commerce Bank St. Louis County NA, Clayton. The deposits acquired through these mergers totaled $920 million — the fifth largest amount of deposits acquired through mergers by a commercial bank in 1985.

The other two bank mergers involved subsidiary banks of Boatmen's Bancshares Inc. of St. Louis. Last year, Boatmen's Bancshares acquired the $2.9 billion-asset CharterCorp of Kansas City in January. The name of CharterCorp's lead bank, First National Bank, Kansas City, was immediately changed to Boatmen's First National Bank. Then, in April, two other Kansas City bank affiliates of Boatmen's Bancshares were merged into the bank. These two banks, Boatmen's Bank & Trust Co. and CharterBank Ward Parkway NA, had combined deposits of $444 million.

Similarly, in March and November 1985, 10 affiliated banks in the St. Louis area were merged into Boatmen's National Bank, St. Louis. These 10 banks had combined deposits of $1.1 billion — the fourth largest amount of deposits acquired through mergers by a commercial bank in 1985. ■

Franklin Bank Swindler Sindona Suffers Stroke

VOGHERA, Italy (UPI) — Sicilian bank swindler Michele Sindona was rushed from his prison cell to the Voghera City Hospital Thursday after suffering an apparent stroke, and a doctor said, "He has little chance of recovery."

Hospital sources said Mr. Sindona, who presided over what was at one time the largest bank failure in U.S. history, Franklin National Bank, was in an apparently irreversible coma.

The 65-year-old financier collapsed during breakfast at the jail in Voghera, 35 miles south of Milan, where he has been held since being extradited to Italy from the United States in September 1984.

A Milan court Tuesday sentenced Mr. Sindona to life in prison for ordering the 1979 assassination of an Italian lawyer. The lawyer had been in charge of liquidating Mr. Sindona's Italian bank, which crashed in 1974.

Hospital sources said Mr. Sindona apparently had a cerebral hemorrhage while in the prison. He suffered a subsequent heart attack shortly after an ambulance brought him to the hospital around 9 a.m., they said.

"Sindona is in a serious coma. He has little chance of recovery," said one of the doctors treating Mr. Sindona in the hospital's intensive care section. The doctor, interviewed by the state-run television network, would not confirm any other details of his condition. ■

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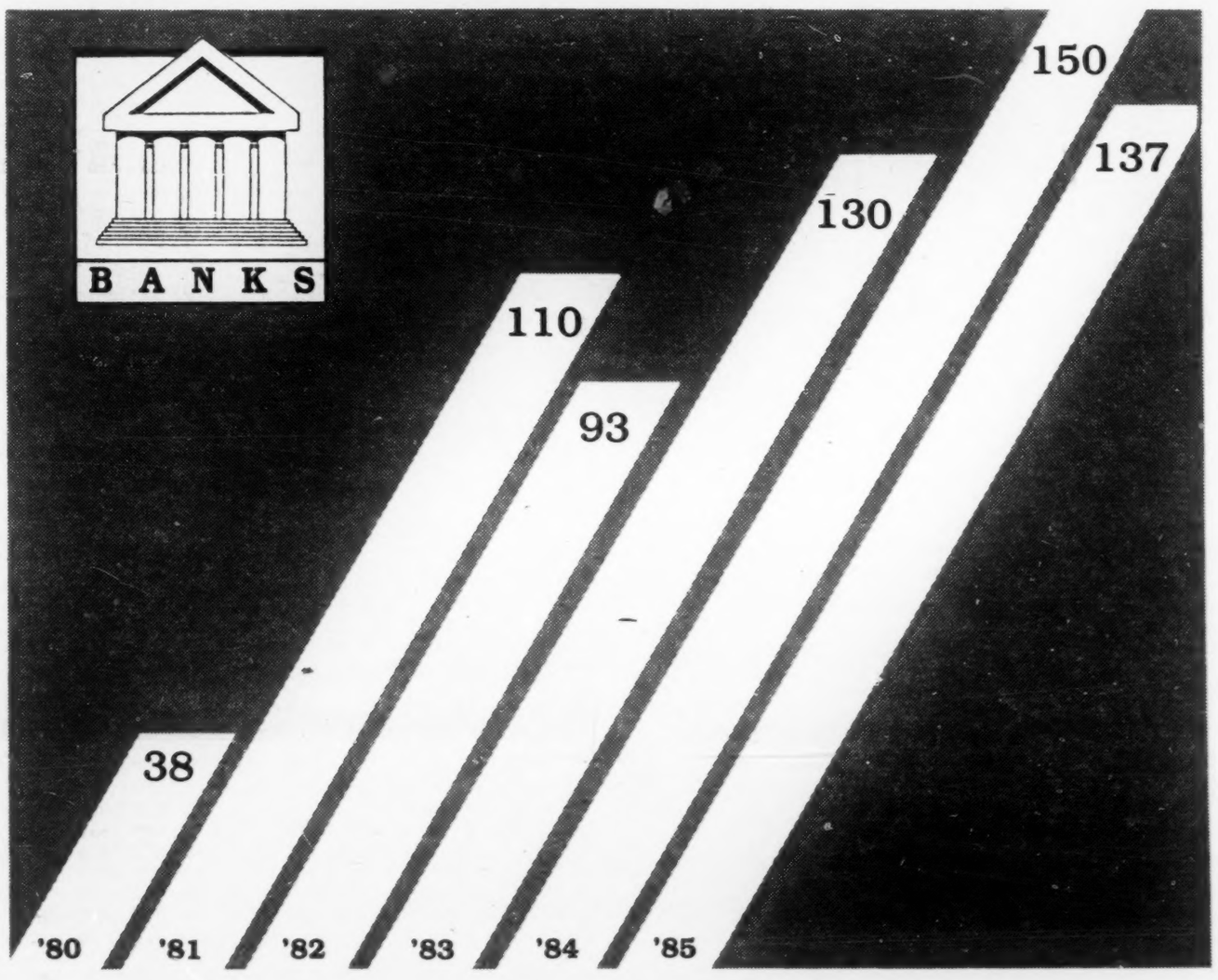
STATISTICS REVIEW

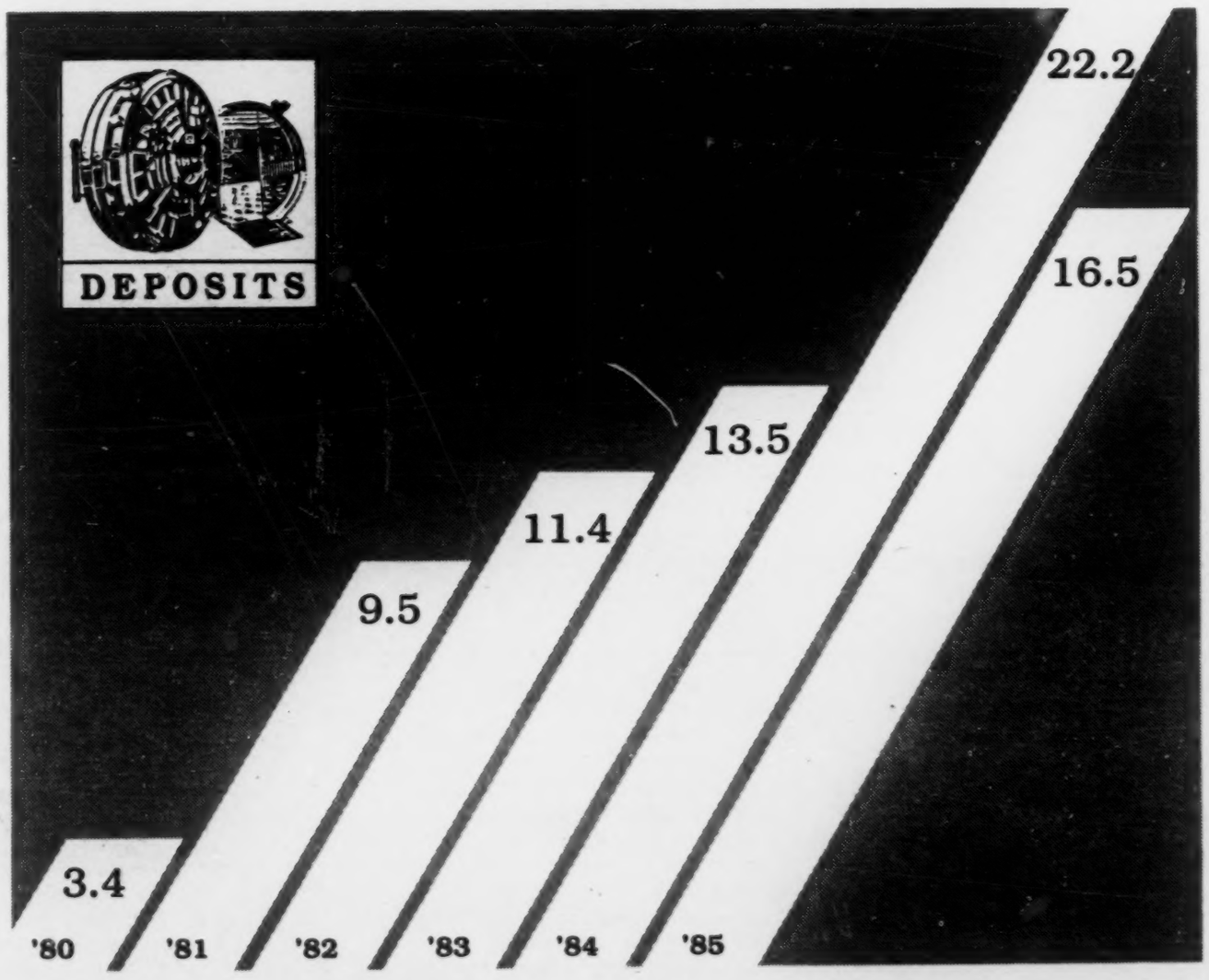
MERGERS

Among the Top 300 Banks in 1985



Banks and Deposits Acquired Through Merger By the Top 300 Banks in the Nation 1980-1985

(In billions of dollars)



Acquisitions, Name and Location Changes Among the Nation's Top 300 Banks in Deposits on December 31, 1985(a)

Deposit Rank 12/31/85	Name of Bank	Type of Changes (b)	Former Name of Bank and/or City (if a name or location change)	Name of Bank(s) Merged or Acquired	Total Deposits of Merged Banks on Dec. 31, 1984	Date of Mergers Name Change etc.
69	**AmSouth NA, Birmingham**	M		City National Bank, Dothan	32,222,570	Aug. 30
		M		First National Bank, Eufaula	32,443,000	Aug. 30
		M		First National Bank of Alabama, Huntsville	145,033,507	Aug. 30
		M		First National Bank, Mobile	542,535,000	Aug. 30
		M		AmSouth Bank of Jacksonville	(New Bank)	Dec. 6
121	**Central Bank of the South, Birmingham**	B(#)		AmSouth Bank NA, Birmingham		Aug. 30
		B(#)		First National Bank, Mobile		Aug. 30
140	**First Alabama Bank, Montgomery**	N,M,L	First Alabama Bank, Birmingham	First Alabama Bank of Huntsville NA	282,763,440	Mar. 22
		M		First Alabama Bank of Montgomery NA	548,802,000	Mar. 22
		M		Fst. Ala. Bk of Walker Cty., Cordova	11,538,000	May 24
		M		First Alabama Bank, Guntersville	25,763,000	May 24
		M		First Alabama Bank, Hartselle	28,065,794	May 24
		M		First Alabama Bank of Anniston NA	117,361,436	Jun. 7
		M		First Alabama Bank of Gadsden NA	42,831,000	Jun. 7
		M		First Alabama Bank Talladega Cty. NA	41,442,000	Jun. 7
		M		First Alabama Bk of Baldwin Cty. NA, Bay Minette	25,828,000	Jun. 14
		M		First Alabama Bank, Conecuh	27,145,000	Jun. 14
		M		First Alabama Bank of South Baldwin, Foley	44,205,268	Jun. 14
		M		First Alabama Bank of Sumter Cty., Livingston	26,798,000	Jun. 21
		M		First Alabama Bank of Chilton Cty., Thorsby	18,868,000	Sep. 20
		M		First Alabama Bank of Phoenix City NA	23,557,000	Oct. 11
		M		First Alabama Bank of Lee Cty. NA, Opelika	11,411,000	Oct. 25
		M		First Alabama Bank of Troy NA	42,380,000	Nov. 9
		M		First Alabama Bank of Selma NA	57,799,455	Nov. 16
		M		First Alabama Bank of Cullman	36,509,000	Nov. 23
		M		First Alabama Bk of Lauderdale Cty., Rogersville	29,311,000	Dec. 6
		M		First Alabama Bank of Athens NA	53,379,000	Dec. 13
248	**Barclays Bank of California, San Francisco**	B (1)		Union Bank, Los Angeles		Jun. 21
		B(#)		California Canadian Bank, Los Angeles		Nov. 21
57	**California First Bank, San Francisco**	B (1)		Union Bank, Los Angeles		Jan. 14
35	**Connecticut Bank & Trust Co. NA, Hartford**	M		Northern Conn. Nat'l Bank, Windsor Locks	63,886,000	Feb. 8
		M		Citizens Bank & Trust Co., Glastonbury	86,985,000	Sep. 30
41	**Connecticut National Bank, Hartford**	A		Permanent Savings Bank, Meriden	N.A.	Feb. 25
233	**Bank of Delaware, Wilmington**	B (1)		Delaware Trust Co., Wilmington		Jan. 28
72	**Barnett Bank of So. Fla. NA, Miami**	A		Florida Coast Bank, Pompano Beach	520,581,000	Feb. 22
240	**Pan American Bank NA, Miami**	M		Pan American Bank of Dade Cty. NA, Hialeah	55,761,386	Nov. 8
		M		Pan American Bank of Miami NA	66,519,138	Nov. 8
		M		Pan American Bank of Miami Shores NA	51,099,243	Nov. 8
208	**Sun Bank/Miami NA** (c)	N	Flagship National Bank, Miami			Apr. 1
		M		Sun Bank of Miami	338,261,000	Apr.1
80	**First Florida Bank NA, Tampa**	N	First National Bank of Florida			Sep. 1
		M		Second National Bank, Tampa	86,130,000	Jan. 14
		M		Bank of Clearwater	251,720,000	Jan. 31
		M		First B&T Co., Belleair Bluffs	87,303,000	Feb. 1
		M		Fst Gulf Bch B&T Co., St. Petersburg Bch	90,541,000	Feb. 1
		M		Citizens First National Bank, Crystal River	67,981,876	Sep. 1
		M		Lee Cty. Bank, Ft. Myers	209,600,000	Sep. 1
		M		Citizens First National Bank, Inverness	78,091,000	Sep. 1
		M		First National Bank, Kissimmee	84,317,000	Sep. 1
		M		First National Bank, Lakeland	87,355,000	Sep. 1
		M		Lake Cty. Bank, Leesburg	26,740,189	Sep. 1
		M		First American Bank, Pensacola	109,743,000	Sep. 1
		M		First National Bank, Punta Gorda	128,161,000	Sep. 1
		M		Citizens Bank & Trust Co., Quincy	24,696,000	Sep. 1
		M		Citizens First National Bank, Spring Hill	6,909,000	Sep. 1
		M		Lewis State Bank, Tallahassee	81,637,230	Sep. 1
		M		First National Bank, Winter Haven	36,639,000	Sep. 1
62	**NCNB National Bank of Fla., Tampa**	M		NCNB Nat'l Bk. of Fla., Tallahassee	N.A.	Feb. 21
		M		NCNB Nat'l Bk. of Fla., Cross City	N.A.	Mar. 21
		M		NCNB Nat'l Bk. of Fla., Gainesville	N.A.	Mar. 21
		M		NCNB Nat'l Bk. of Fla., Live Oak	39,616,895	Mar. 21
		M		NCNB Nat'l Bk. of Fla., Blountstown	35,678,000★	Oct. 18
		M		NCNB Nat'l Bk. of Fla., Jay	N.A.	Nov. 15
192	**Barnett Bank of Palm Beach Cty., W. Palm Beach**	B(#)		Florida Coast Bank, Pompano Beach		Feb. 22
33	**Citizens & Southern National Bank, Atlanta**	M		Rome Bank & Trust Co.	66,696,501	Aug. 1
		M		Citizens & Southern Bank, Albany	152,131,000	Dec. 31
		M		Citizens & Southern Bank, Dublin	92,192,000	Dec. 31
		M		Citizens & Southern Bank of W. Ga., LaGrange	91,765,000	Dec. 31
		M		Citizens & Southern Newnan Bank	55,955,000	Dec. 31
		M		Citizens & Southern Bank, Thomaston	53,193,244	Dec. 31
50	**First National Bank, Atlanta**	M		Bank of Macon County, Montezuma	38,744,520	Jun. 30
		M		First National Bk of Gwinnett Cty., Lawrenceville	131,503,000	Aug. 1
93	**Indiana National Bank, Indianapolis**	A		Allen Cty. Bank & Trust Co., Leo	17,202,000	Nov. 21
238	**Bank IV Wichita NA, Kan.**	N	Fourth National Bank & Trust Co.			3/31/86
110	**Citizens Fidelity B&T Co., Louisville, Ky.**	M		American B&T Co., Lexington	20,783,000	Feb. 22
16	**First National Bank, Boston**	M		Bk of Boston Barn'ble NA, Yarmouth Port	N.A.	Apr. 12
		M		Bk of Boston Worcester NA, Whitinsville	114,912,989	May 17
		M		Bank of Boston-Middlesex, Burlington	261,906,000	Jul. 19
		M		Bank of Boston-Essex NA, Haverhill	140,312,168	Sep. 20
		M		Bank of Boston-Norfolk, Wellesley	230,867,000	Dec. 13
230	**Bank of New England-West NA, Springfield**	M		Bk of N.Eng-Franklin Cty NA, Greenfield	79,089,000★	Jan. 1
		M		Bk of N.Eng-Hamp'ire Cty NA, No'hampton	40,884,000★	Jan. 1
		M		Bank of New England-Ware	42,678,000	Jan. 1
		M		Bk of N.Eng-Berk'ire Cty NA, Williamstown	25,280,000★	Jan. 1
284	**Security Bank & Tr. Co., Southgate, Mich.**	M		Security Bank, Imlay City	29,340,011	Apr. 30
258	**Marquette Bank Minneapolis NA**	N	F&M Marquette National Bank			Mar. 29

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Data are compiled by American Banker from data received from R.L. Polk & Co., Nashville, Tenn.

Acquisitions, Name and Location Changes Among the Nation's Top 300 Banks in Deposits on December 31, 1985(a)

Deposit Rank 12/31/85	Name of Bank	Type of Changes (b)	Former Name of Bank and/or City (if a name or location change)	Name of Bank(s) Merged or Acquired	Total Deposits of Merged Banks on Dec. 31, 1984	Date of Mergers Name Change etc.
158	**Trustmark National Bank, Jackson, Miss.**	N	First National Bank			Sep. 17
		M		Brookhaven Bank & Trust Co.	122,520,896	Oct. 1
234	**Commerce Bank of St. Louis Cty. NA, Clayton, Mo.**	M,N,L	Commerce Bank of Kirkwood NA	Commerce Bank, Chesterfield	30,409,210	Jun. 30
		M		Commerce Bank of St. Louis Cty., Clayton	470,693,766	Jun. 30
		M		Commerce Bank of Fenton NA	52,220,000	Jun. 30
		M		Commerce Bank of Florissant	64,449,000	Jun. 30
		M		Commerce Bank of Manchester	21,405,360	Jun. 30
		M		Commerce Bank-West NA, Maryland Heights	29,158,871	Jun. 30
		M		Commerce Bank, Richmond Heights	43,382,000	Jun. 30
		M		Commerce Bank-South NA, St. Louis	40,685,963	Jun. 30
		M		Commerce Bank-North Cty., St. Louis	30,895,000	Jun. 30
		M		Commerce Bank of University Hills	66,169,565	Jun. 30
		M		Commerce Bank of Webster Groves	70,248,686	Jun. 30
202	**Boatmen's First Nat'l Bank, Kansas City, Mo.**	N	First National Bank			Jan. 28
		M		Boatmen's B&T Co., Kansas City	370,558,927	Apr. 15
		M		CharterBank Ward P'kway NA, Kansas City	73,803,000	Apr. 15
123	**Boatmen's National Bank, St. Louis**	M		CharterBank St. Louis NA	190,062,000	Mar. 18
		M		Boatman's Bank of West Cty., Ballwin	73,897,000	Nov. 18
		M		Boatmen's Trust Co., Clayton	N.A.	Nov. 18
		M		Boatmen's Bank, Crestwood	103,195,002	Nov. 18
		M		Boatmen's Nat'l Bk of N. St. Louis Cty., Florissant	43,206,000	Nov. 18
		M		Boatmen's Bank, Jennings	84,879,000	Nov. 18
		M		Boatmen's Hampton Bank, St. Louis	217,527,000	Nov. 18
		M		Boatmen's Bank of Concord Village, St. Louis	99,831,000	Nov. 18
		M		Boatmen's Bank of St. Louis Cty.	179,449,160	Nov. 18
		M		Boatmen's Bank of Webster, Groves	100,309,334	Nov. 18
224	**Norwest Bank Nebraska NA, Omaha**	N	Norwest Bank Omaha NA			Oct. 1
		M		Norwest Bank Omaha South NA	164,246,000	Jan. 1
		M		Norwest Bank Grand Island NA	127,502,000	Oct. 1
		M		Norwest Bank Hastings NA	169,185,000	Oct. 1
		M		Norwest Bank Norfolk NA	79,868,000	Oct. 1
		M		Norwest Bank Omaha West	126,768,000	Oct. 1
189	**First Fidelity Bank NA, South Jersey, Burlington Twp.**	M		National Bank & Trust Co., Woodbury	367,910,281	Sep. 28
160	**New Jersey National Bank, Pennington**	L	New Jersey National Bank, Trenton			Aug. 30
198	**Citizens First National Bank, Ridgewood, N.J.**	B(1)		Interchange State Bank, Saddle Brook		Jul. 22
113	**Norstar Bank of Upstate NY, Albany**	M		Taconic Valley Bank, Berlin	30,864,106	Jan. 28
		M		Oneida National Bank, Utica	846,550,221	Apr. 1
12	**Marine Midland Bank NA, Buffalo**	B(1)		Rochester Community Savings Bank		Jul. 1
288	**Norstar Bank NA, Buffalo, N.Y.**	N	Liberty Norstar Bank NA			Jan. 86
17	**Bank of New York**	B (1)		Hamburg Savings Bank, Brooklyn		Apr. 1
4	**Manufacturers Hanover Trust Co., New York**	M		Manufacturers Hanover NA, Rochester	516,306,000	Dec. 31
196	**Norstar Bank, Rochester, N.Y.**	N	Security Norstar Bank			Jan. 86
242	**Key Bank of Central N.Y., Syracuse**	B (#)		Key Bank of Western NY NA, Jamestown		Mar. 10
		B(#)		Monroe Savings Bank, FSB, Rochester		Aug. 9
32	**First Union National Bank, Charlotte, N.C.**	M		Northwestern Bank, North Wilkesboro	2,251,021,000	Dec. 1
116	**First-Citizens B&T Co., Raleigh, N.C.**	M		Farmers Bank, Pilot Mountain	32,387,000	Mar. 28
		M		First State Bank, Winterville	43,547,000	Mar. 28
		M		Farmers Bank, Sunbury	46,294,000	Jul. 11
		B(#)		Northwestern Bank, North Wilkesboro		Oct. 28
		B(#)		First Union National Bank, Charlotte		Nov. 11
183	**First National Bank of Ohio, Akron**	N	First Nat'l Bank of Akron			Jul. 3
		(B#)		Central National Bank, Cleveland		Sep. 3
159	**Central Trust Co. NA, Cincinnati**	M		Southern Ohio Bank, Cincinnati	249,057,000	Apr. 15
175	**Fifth Third Bank, Cincinnati**	M		First-Mason Bank	39,306,000★	Jan. 1
		M		Fifth Third Bank of Miami Valley, Fairborn	44,536,000	Nov. 4
170	**Toledo Trust Co., Ohio**	M		Society National Bank, Fostoria	226,092,914	Nov. 1
193	**Bank of Oklahoma, Tulsa NA**	N	Bank of Oklahoma NA			Nov. 84
49	**United States National Bank of Oregon, Portland**	A		First State Bank, Elgin	15,775,147	Apr. 15
		M		Bank of Lake Oswego	7,761,000	Oct. 1
271	**First Seneca Bank, Butler, Pa.**	(B#)		Equibank, Pittsburgh		Sep. 3
		M		Sheraden Bank, Pittsburgh	76,144,866	Dec. 2
147	**Equibank, Pittsburgh**	B(#)		First Pennsylvania Bank NA, Philadelphia		Aug. 19
16	**Mellon Bank NA, Pittsburgh**	M		Citizens National Bank, New Castle	59,384,000	Jan. 7
231	**First Eastern Bank NA, Wilkes-Barre, Pa.**	M		Portland National Bank	27,437,000	Oct. 21
297	**United Penn Bank, Wilkes-Barre, Pa.**	M		Security B&T Co., Stroudsburg	186,019,503	Jun. 1
130	**Third National Bank, Nashville, Tenn.**	M		First National Bank, Smyrna	15,196,655	Jan. 1
274	**Jefferson National Bank, Charlottesville Va.**	M,L	Jefferson National Bank, Winchester	National Bank & Trust Co., Charlottesville	325,394,586	Jul. 1
		M		Bank of Goochland	46,489,491	Jul. 1
		M		Bank of Powhattan	48,080,206	Jul. 1
		M		Southern Bank, Richmond	258,037,873	Jul. 1
71	**Bank of Virginia, Richmond**	M		Citizens Trust Bank, Portsmouth	141,892,000	Apr. 1
96	**Central Fidelity Bank, Richmond**	M		Central Fidelity Bank, Christansburg	56,273,000	Feb. 25
		M		First National Bank, Poquoson	27,694,000	Jun. 3
28	**Sovran Bank NA, Richmond**	M		Virginia Southern Bank, Clarkesville	41,697,000	Dec. 27
96	**First Interstate Bank of Wash. NA, Seattle**	M		Olympic Bank, Everett	321,859,597	Jan. 28

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Acquisitions, Name and Location Changes Among the Nation's Top 300 Banks in Deposits on December 31, 1985(a)

Deposit Rank 12/31/85	Name of Bank	Type of Changes (b)	Former Name of Bank and/or City (if a name or location change)	Name of Bank(s) Merged or Acquired	Total Deposits of Merged Banks on Dec. 31, 1984	Date of Mergers Name Change etc.
37	**Rainier National Bank, Seattle**	M		Bank of Stanwood	52,445,000	Jun. 1
		M		Suburban State Bank, Silverdale	18,742,084	Sep. 27
27	**Seattle-First National Bank**	M		Western National Bank, Bothell	5,991,000	Aug. 1
182	**M&I Marshall & Ilsley Bank, Milwaukee, Wis.**	A		Heritage Bank, Milwaukee	380,513,744	Dec. 1
232	**Marine Bank NA, Milwaukee**	M		Independence Bank Wauwatosa NA	54,605,349	Jun. 1
	FOREIGN BANK ACQUISITIONS OF TOP 300 BANKS					
---	**Industrial Bank of Japan Ltd., Tokyo**	AQ		J. Henry Schroder Bank & Trust Co., New York	1,622,787,000†	Dec. 31

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Major Bank Holding Company Acquisitions Completed in 1985 Where Lead Banks Were Not Affected(a)

Asset Rank 12/31/85	Name of Bank	Type of Changes (b)	Former Name of Bank and/or City (if a name or location change)	Name of Firm(s) Merged or Acquired	Total Assets of Merged Firms on Dec. 31, 1984	Date of Mergers Name Change etc.
--	**Citizens & Southern Georgia Corp, Atlanta**	M		Landmark Banking Corp., Fort Lauderdale	3,758,760,000	Sept.
24	**SunTrust Banks, Inc., Atlanta★**	M		Sun Banks, Inc., Orlando, Fla.	9,401,581,000	July 1
		M		Trust Company of Georgia, Atlanta	6,165,079,000	July 1
14	**Bank of Boston Corp.**	M		Colonial Bancorp. Inc., Waterbury, Conn.	1,501,399,000	June 20
		M		RIHT Financial Corp., Providence, R.I.	2,264,501,000	Nov. 18
28	**Bank of New England Corp., Boston** •	M		CBT Corp., Hartford, Conn.	6,862,174,000	June
31	**NBD Bancorp., Inc., Detroit**	M		United Michigan Corp., Flint	1,038,768,000	Feb. 25
--	**Norstar Bancorp, Albany, N.Y.**	M		Banc of Maine Corp., Augusta	91,000,000	Feb. 1
32	**First Union Corp., Charlotte, N.C.**	M		Atlantic Bancorp., Jacksonville	3,722,726,000	Dec.
29	**First Wachovia Corp., Winston-Salem, N.C.★•**	M		Wachovia Corp., Winston-Salem	8,716,984,000	Dec. 5
		M		First Atlanta Corp.	7,003,362,000	Dec. 5
--	**Society Corp., Cleveland**	M		Centran Corp., Cleveland	3,115,592,000	Oct.
26	**PNC Financial Corp., Pittsburgh**	M		Northeastern Bancorp., Inc., Scranton	1,525,611,000	Jan. 30
--	**Third National Corp., Nashville**	M		Mid-South Bancorp., Inc., Murfreesboro	267,000,000	Sept.

(a)—Banking firms are listed in geographic order, with their respective asset ranks shown in the left-hand column. Only acquisitions that were completed during 1985 are shown. (b)—Type of Changes: (M)—Merged the bank listed. (★)—A newly formed company resulting from the merger of two existing companies. N.A.—Not available. (•)—Company will have split headquarters in Winston-Salem and Atlanta, Ga.

A Geographical Breakdown of Merger Activity Among the Top 300 Banks

(Dollar Amounts in Millions)

State	Number of Acquiring Banks 1985	1984	Number of Banks Acquired 1985	1984	Total Deposits in Acquired Banks (a) 1985	1984
Alabama	2	2	25	3	$2,248	$148
Arizona	0	1	0	1	0	9
Connectict	2	1	3	3	151	800
Florida	5	11	27	41	2,565	3,524
Georgia	2	2	8	8	682	402
Idaho	0	1	0	1	0	N.A.
Indiana	1	1	1	1	17	73
Kentucky	1	..	1	..	21	..
Maryland	0	3	0	4	0	382
Massachusetts	2	0	9	0	936	0
Michigan	1	3	1	4	29	749
Mississippi	1	3	1	5	123	572
Missouri	3	1	23	4	2,456	145
Nebraska	1	1	5	2	668	105
New Jersey	1	5	1	6	368	4,104
New York	2	4	3	10	1,394	1,084
North Carolina	2	3	4	6	2,373	442
Ohio	3	6	4	11	559	1,953
Oregon	1	2	2	4	24	52
Pennsylvania	4	4	4	4	349	1,170
Puerto Rico	0	1	0	1	0	N.A.
Rhode Island	0	1	0	1	0	157
South Carolina	0	1	0	1	0	1,341
South Dakota	0	1	0	3	0	774
Tennessee	1	3	1	17	15	2,106
Texas	0	1	0	1	0	861
Virginia	4	5	8	7	946	1,124
Washington	3	..	4	.....	399	.....
Wisconsin	2	1	2	1	435	118
Totals	**44**	**68**	**137**	**150**	**$16,758**	**$22,195**

(a)—The 1985 data column has total deposits as of 12/31/84. The 1984 data column has total deposits as of 12/31/83.

Note: American Banker follows the bank of charter when banks merge. The surviving bank is the bank whose charter has survived the merger.

FINANCIAL SERVICES SCORECARD — PAGE 23

American Banker

The Daily Financial Serv

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VOL. CLI NO. 59 Tuesday, March 25, 1986 151st Year

INSIDE TODAY

EXPANDING THE MENU

To keep up with the increased sophistication of financial palates, banks are cooking up a few new items for their product menu. In today's feature section, Donald Shoultz writes about the passbook savings market after the elimination of rate ceilings and private loans that fill the gap between tuition and aid; it begins on page... **23**

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Quote

The board that I have known in the past did not have these types of leaks coming out of its inner sanctum.

Kenneth Guenther, former Federal Reserve official and now executive director of the Independent Bankers Association of America. [2]

Unquote

Comment

Locks That Don't Work

By SANFORD ROSE

Many banks and thrifts continue to feel that they can lock up an asset-liability spread by going to the interest rate swap market. It is possible to execute this tactic successfully, but not in the way it has usually been done. The traditional modus operandi does not guarantee a spread; it guarantees only a headache.

The traditional approach is to buy a long-term asset funded with, say, a 90-day rolling reverse repo. Then the duration of the repo is raised to match the hypothesized duration of the asset by swapping. In effect, a synthetic long-term liability is created. The institution doing the transaction becomes a fixed-rate payer and receives a 90-day floating rate that roughly corresponds to the cost of its 90-day repo obligation.

Since initial asset and liability durations are allegedly equal, the price sensitivity, or susceptibility to changes in interest rates, of the asset should correspond to that of the liability. Right? Not exactly.

Equalizing initial durations creates an average, as opposed to a liter-

Comment: Page 4

Big Banks' Latin American Exposures Decline Noticeably but Remain Large

By GORDON MATTHEWS

NEW YORK — The relative exposure of major American banks to the troubled debtor nations of Latin America has declined noticeably in the past two years, although the banks seem certain to have a large financial involvement in the debt crisis for the foreseeable future.

A survey of 1985 annual reports of the nation's top banking companies shows only marginal growth in their loans outstanding to major Latin debtors since the third quarter of 1983. Meanwhile the banks' capital positions, against which such exposure can be measured, have improved substantially.

More importantly from the standpoint of earnings, the key statistic of nonperforming loans has dropped to the 4% level from 7% in 1983. This figure does not include loans to Peru, most of which are presumably on a cash basis at this point, but the banks' exposure to that country is comparatively small.

A perspective on the situation was offered by William R. Rhodes, senior vice president of Citibank. "Since the international debt crisis began in August 1982, we have seen gradual improvement in the situation year by year," he wrote in the bank's annual report, while noting "there are many potential problems as we move ahead."

The figures seem to confirm other findings during the past year that bank lending to Latin debtor countries has been at a virtual standstill since the

Latin Loans: Page 8

Overdraft Caps Could Create New Wrinkles

Hourly Loans Might Be Result After Fed Policy Takes Effect

By TOM FERRIS

NEW YORK — After months of warnings and preparations, bankers expect that a Federal Reserve policy to curb intraday overdrafts will cause little disruption to the nation's payment system when it takes effect on Thursday. But observers believe the program will spur basic changes in operating practices and ultimately might even lead to an unusual concept: hourly loans.

For years, banks have run huge overdrafts — in some cases amounting to billions of dollars — while transferring funds. These deficits, which last for a few hours, are, in effect, short-term loans provided by the Federal Reserve System or, sometimes, by large banks.

GE Reconsiders Clearing Plans, Page 32

However, there is no charge for these "loans" because interest is calculated once daily, after the close of business, regardless of how the money was used during the day. So although the "lender" assumes the risk that the overdraft might not be covered, it does not suffer an interest loss.

That view of overdrafting might change under the Fed's risk-reduction policy, which requires banks to set a limit on their intraday, or "daylight," overdrafts. The restrictions could turn the capability to overdraft into a commodity that will be priced as a service, some bankers predict.

Perhaps the most intriguing speculation has centered on the possible development of an intraday loan market, in which a bank nearing its overdraft

Overdrafts: Page 37

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FDIC to Retain Money Market Account Limits

By JAY ROSENSTEIN

WASHINGTON — The Federal Deposit Insurance Corp. on Monday joined the Federal Reserve Board in retaining current restrictions on money market deposit account transfers.

The FDIC had previously said that it would consider easing the limits so that businesses could take more advantage of the interest-bearing accounts. Monday's decision, however, should put to rest for now the question of whether federal regulators will make these interest-bearing accounts more attractive to businesses, something that bankers do not want. Banks now generally attract corporate deposits without paying interest on them.

Money market deposit accounts are open to businesses as well as individuals but are limited to six third-party transfers per month, of which only three may be by check. These limits generally have been too restrictive for businesses to use the accounts.

The accounts would have expired on April 1 if the regulators had not acted to retain them. As part of the FDIC's work to maintain the accounts, it proposed one option in January that would have eliminated a rule issued by the interagency Depository Institutions Deregulation Committee that set a maximum of six transfers per month. The FDIC's earlier proposal said that to the extent authorized by law, corporations and other depositors could write an unlimited number of checks on the interest-bearing account.

The Federal Reserve Board earlier this month rejected that idea, and the FDIC on Monday agreed to keep its rules uniform with the Fed.

The Federal Home Loan Bank Board, which also has considered easing the restrictions on money market accounts, was scheduled to meet late Monday and was expected to side with the bank regulators. That would disappoint many thrift officials, who have hoped the Bank Board would help them break what they consider a near monopoly by commercial banks on corporate checking business.

Bankers oppose paying interest on checking accounts because they do not want to have to pay for funds they now generally use for free. They also do not want the added competition from thrifts for corporate account relationships.

In other actions at the FDIC's open meeting Monday, the agency issued a final rule giving the public advance notice of proposed changes in bank control. It also generally decided to keep existing rules for premium offers.

But the FDIC agreed that beginning April 1, it would impose no early withdrawal penalties under its rules. However, an FDIC staffer said the agency expects to examine early withdrawal penalties for safety and soundness purposes — such as asset-liability matching — in conjunction with the other agencies.

There still are certain early withdrawal penalties under Federal Reserve Board rules. ■

Look back to see what made news

FLASHBACKS

every Thursday
in
American Banker

Latin American Exposure of Top Banking Companies

Data as of Dec. 31, 1985; (Dollars in Millions)

	Citicorp	Bank-America	Chase Manhattan	Manufact. Hanover	J.P. Morgan	Chemical New York	Security Pacific	Bankers Trust	First Chicago	Wells Fargo	Average Total
Argentina											
Exposure	$1,400	(A)	$920	$1,400	$822	$402	(A)	$383	(A)	$133	$5,077
Nonperforming	$116	(A)	$155	$131	$96	$66.6	(A)	$10	(A)	$32	$596.6
Brazil											
Exposure	$4,700	$2,799	$2,820	$2,200	$1,862	$1,434	$590	$864	$806	$603	$18,678
Nonperforming	$99	$11	$7	$4	$10	$5.7	$13	$30	$8	$15	$202.7
Chile											
Exposure	$500	(A)	(A)	$791	(A)	$369	(A)	(A)	(A)	$104	$1,395
Nonperforming	$13	(A)	(A)	$14	(A)	$4	(A)	(A)	(A)	(A)	$27
Mexico											
Exposure	$2,800	$2,709	$1,680	$1,800	$1,152	$1,471	$520	$1,277	$912	$606	$14,927
Nonperforming	$52	$94	$123	$34	$12	$18	$23	$4	$13	$16	$389
Venezuela											
Exposure	$1,200	$1,450	$1,250	$1,100	(A)	$714	(A)	$419	$425	$259	$5,973
Nonperforming	$295	$405	$200	$16	(A)	$46.9	(A)	$44	$11	$13	$975.9
Reported Exposure	$10,100	$6,958	$6,670	$7,291	$3,836	$4,021	$1,110	$2,141	$1,718	$1,705	$45,550
Reported Nonperforming	$1,575	$510	$485	$199	$118	$137.2	$36	$34	$21	$76	$2,191
Exposure as % of Equity	130%	153%	175%	205%	87%	143%	45%	85%	82%	117%	122.1%
Stockholders' Equity	$7,765	$4,547	$3,795	$3,547	$4,392	$2,820	$2,439	$2,495	$2,090	$1,458	$

(A) The exposure to this country generally is less than 1% of total loans and other investments and is therefore not broken out in exact figures. In some cases, such as for Chile, banks have provided figures for comparative purposes, although the exposure is below the level required for full disclosure.

Big Banks' Latin American Exposures Decline

Continued from Page 1

debt crisis erupted in 1982. They also support the view of some bank analysts that Argentina remains a major problem for banks.

Among the four largest Latin debtors, Argentina, at a level of 11.5%, had by far the highest ratio of nonperforming loans to total loans outstanding from the leading U.S. banks. Next was Venezuela at 4.75%, down considerably from a 13% level in 1983 when it led the list. The two largest debtors, Brazil and Mexico, have levels of 1.1% and 2.6% respectively.

While those figures have an immediate impact on the banks' results, they do not necessarily reflect the longer-term outlook. Mexico, for instance, may not at the moment have many nonperforming loans from U.S. banks, but its economic prospects are ominously clouded by the fall in world prices for oil, its main export item.

The nation's three largest banking companies — Citicorp, BankAmerica Corp., and Chase Manhattan Corp. — had the the largest ratio of nonperforming loans to loans outstanding to major Latin debtors. BankAmerica was first at 7.35%, Chase was second at 7.25%, and Citicorp was third at 5.7%.

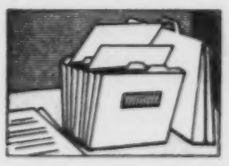
At Manufacturers Hanover Corp., the nation's fourth largest banking firm, the ratio of nonperformers to outstandings was 2.75%. That is down from 3% in 1983 and is the lowest of the leading banking companies except for Bankers Trust New York Corp. and First Chicago Corp., whose exposure levels are much lower.

Manufacturers Hanover has maintained that its relatively better situation is the result of a large portion of its Latin loans having been made to governments and to the most creditworthy level of corporate borrowers. At this point in the debt crisis, the bulk of the nonperforming loans are to private borrowers.

A clear trend revealed by the latest figures is the declining percentage of stockholders' equity and primary capital represented by the Latin outstandings, which have remained nearly static while the institutions' footings have been strengthened.

Manufacturers Hanover still leads the other banking organizations in the ratio of Latin exposure as an equivalent percentage of stockholders' equity. Its $7.3 billion of outstandings, topped only by the much larger Citicorp, is equal to 150% of primary capital and 205% of total stockholders' equity, down from over 250% of equity in 1983.

Citicorp's $10.1 billion of exposure is equivalent to 101% of its primary capital base and 130% of its shareholders' total equity, down from 179% of equity in 1983. Chase Manhattan's $6.6 billion of exposure was equal to 110% of primary capital and 175% of equity. ■



Counselor's Corner . . .

Continued from Page 5

reduce the consolidated capital of the company. But the Fed focuses on the primary capital of the bank, and not the consolidated capital of the company, if it has less than $150 million in assets.

b. Above $150 million in assets: If the holding company is over $150 million, the debt of the ESOP will usually be carried as a liability on the books of the company. However, the ESOP's debt may not be reflected on the balance sheet of the bank holding company if it does not guarantee the debt of the ESOP or have any guarantee arrangemert for such debt.

If the ESOP debt is carried as a liability on the balance sheet of the holding company, then such debt will count in applying the usual criterion of 0.5-to-1 ratio of debt to equity. For this purpose, the equity can be supplied by the holding company and does not have to be supplied by the ESOP. In addition, the ESOP debt would reduce the consolidated capital of the company, and this would matter because the Fed wants to see primary capital of 5.5% of bank holding company assets on a consolidated basis if the company is over $150 million in assets.

4. Over 50% of the bank holding company: This was the situation in the Blue Island application denied by the Fed. If the ESOP owns over 50% of the holding company, the Fed will treat the ESOP as the parent of the holding company and consolidate the balance sheets of the ESOP and holding company. The accounting result is similar to the result when an ESOP owns over 25% of a holding company. However, there is one important difference — the ESOP debt will automatically be combined with the debt otherwise in the holding company, regardless of whether the company guaranteed the ESOP loan.

a. Below $150 million in assets: If the bank holding company is below $150 million in assets, the debt of the ESOP will come into play in determining whether the company meets the debt-to-purchase price ratio and whether the company can carry its debt. However, as explained above, the negative impact of the ESOP debt on the holding company's consolidated capital will not be important, because the Fed looks to the primary capital of the banks in holding companies with less than $150 million in assets.

b. Above $150 million in assets: If the holding company is above $150 million in assets, the debt of the ESOP will come into play in determining whether the debt-to-equity ratio would be met and whether the debt could be serviced. Moreover, the reduction in consolidated bank holding company capital because of the ESOP debt may adversely affect the application involving a holding company over $150 million, since the Fed looks at consolidated capital for companies of that size.

Because of their utility, ESOPs will become increasingly popular among holding companies. Although the tax reform bill may take away the recent 1984 round of special tax benefits for ESOPs, the basic tax benefits of ESOPs will remain and become more important if the tax reform bill increases the effective tax rate of holding companies.

Employee stock ownership plans with less than 25% of bank holding company stock can be effected with modest regulatory constraints. Employee stock ownership plans with over 25% of holding company stock are more complex, though they can pass regulatory muster if the holding company's equity position is sufficiently strong taking into account the debt of the ESOP. ■

American Banker

MOST PROFITABLE THRIFTS — PAGE 30

The Daily Financial Services

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BIG DEALS: In California last month, the call was, "The British are leaving, the British are leaving." In Florida, however, the battle cry was, "The New Yorkers are here, the New Yorkers are here."..... 40

Quote

One of our needs is to unbundle the risks to refine pricing more appropriately. Pricing has been too blunt.

George J. Vojta, executive vice president at Bankers Trust New York Corp., on a bank function he feels would benefit from risk-based capital ratios. [2]

Unquote

AN AMERICAN BANKER SPECIAL REPORT

Venture Capital Is Game of Skill

97 Banking Firms Own Small Business Investment Companies

By LISABETH WEINER

CHICAGO — Venture capital is really a game of skill more than size. But it clearly has become a game large institutions are taking seriously.

Eight of the 10 largest banking companies in the United States, and 20 of the top 25, are investing in venture capital through small business investment companies, or SBICs. A total of 97 banking companies own SBICs of varying size.

Venture Capital
BANKING'S ROLE
THIRD OF A SERIES

NBD Bancorp., the nation's 28th largest bank holding company, owns Michigan Capital & Service Inc., a venture capital fund capitalized at $28 million. Michigan Capital, which was started in 1966 and acquired by NBD in 1980, is an example of a bank-owned SBIC that is on the brink of profitability.

"In 1980 we had just a modest portfolio," says Joseph Conway, president of Michigan Capital. "Now we have 42 companies. We should have a better 1986 [than 1985] and that will be the result of putting 35% of our money in seed or start-up ventures [four years ago] that are now maturing."

Mr. Conway describes 1985 as an average year for the SBIC. "It could have

↦ Venture Capital: Page 16

Bank Regulators Relax Capital Rules For Troubled Farm, Energy Lenders

By BARTLETT NAYLOR

WASHINGTON — Federal banking regulators on Thursday formally extended an accounting relief package to troubled farm and energy lenders that relaxes enforcement of capital standards under certain circumstances.

The action comes in the midst of congressional efforts to pass legislation that would write into law many of the same relief provisions offered by the regulators. The legislation pending in the Senate also seeks a 90-day moratorium, effective April 15, on the establishment of nonbank banks, and a 90-day extension of a provision permitting interstate takeovers of failed financial institutions.

The Federal Deposit Insurance Corp. this week sent a new statement of its policy on farm and energy loans to the heads of the state banks that it oversees. The Federal Reserve Board and the Comptroller of the Currency, which regulate all other commercial banks, drafted similar letters on Thursday and will send them out when they are printed, according to agency representatives.

In the FDIC letter, agency Chairman L. William Seidman outlined a capital forbearance program that takes effect immediately and terminates on Jan. 1, 1993. "Forbearance means the FDIC will not take administrative action to enforce normal capital standards

↦ Senate:Page 39

Thrift Profits: Big Winners, Big Losers

By L. MICHAEL CACACE

NEW YORK — The old expression "the rich get richer and the poor get poorer" describes the earnings performances of the nation's large thrift institutions in 1985. The earnings of the top 100 of these institutions in net income more than doubled last year, while the combined losses at the 39 large thrift institutions that lost money in 1985 were up by more than 50%.

Thrifts

In general, lower interest rates helped most of the larger thrifts to boost their earnings substantially last year and "get richer." Poor asset quality was the main reason why some large thrifts "got poorer" and lost money, or continued to lose money, last year.

These are some of the findings of a new *American Banker* survey, which ranks the top 100 thrifts — savings banks and savings and loans — in net income for 1985, and identifies the major thrifts that reported losses last year. The data were taken from the *American Banker's* survey of the 400 largest thrifts in the industry.

The top 100 thrifts had $3.69 billion in net income last year. Seventy-seven of the top 100 thrifts reported net income for both 1985 and 1984, and the net income at these institutions rose 131%, from $1.32 billion in 1984 to $3.05 billion in 1985.

Thirty-nine large thrifts had net losses for 1985, and 37 voluntarily reported this information to the *American Banker*. These losses totaled $430.6 million. Income and loss data for both 1985 and 1984 are available for 26 of these 39 thrifts. The combined net losses at these 26 institutions increased 55.4% from $187.6 million in 1984 to $291.5 million in 1985.

↦ Thrifts: Page 31

Fed to Decide On Citicorp's Securities Bid

Court Case Appears Assured Whatever the Board's Action

By ANDREW ALBERT

NEW YORK — The Federal Reserve Board is scheduled today to decide on Citicorp's request to underwrite a broad range of securities — a decision that could all but demolish the legal wall separating commercial banks from investment banks.

A year ago, the nation's largest banking company asked the Fed for permission to underwrite and deal in municipal revenue bonds, private mortgage-backed securities, and securities backed by consumer receivables such as credit card accounts.

Attorneys familiar with Citicorp's application are divided on how the Fed board will rule during its closed-door session this morning. The Fed is not expected to disclose its decision until next week. The possibility also exists that the Fed might postpone any decision on the matter, as it has done before. Whatever it decides, the regulators are likely to be challenged in court by the losing corner.

The Securities Industry Association, which has resisted virtually every previous step the banks have taken into the securities business, already has said that it "would seriously consider going at the Fed" in a lawsuit if the regulators approved Citicorp's application.

The alternatives facing Citicorp are not as clear: If its application is denied, the bank could sue the Fed, or, as some speculate, it could force the issue into the courts by ignoring the denial and simply beginning the underwriting functions. It also could choose to take both steps at once.

"The problem now is politics, it has nothing to do with the law," said Dick

↦ Citicorp: Page 39

Nashville's Financial Partner

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